

Message Text

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16

ACTION EA-14

INFO OCT-01 ADP-00 AID-20 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 IO-13 OMB-01 EB-11 AGR-20 COME-00 INT-08

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R 170845Z AUG 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8379

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 9876

DEPT ALSO FOR AID/W

E.O. 11652: GDS

TAGS: PGPV,PDEV,PINT,ECON,ID

SUBJECT: PRESIDENT SUHARTO'S STATE ADDRESS

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1. SUMMARY AND INTRODUCTION: SUHARTO'S ANNUAL STATE ADDRESS ON AUGUST 16, THE DAY BEFORE INDONESIA'S 28TH INDEPENDENCE DAY, WAS LARGELY A RESTATEMENT OF PREVIOUSLY ANNOUNCED GOI POLICIES AND CONTAINED LITTLE THAT WAS NEW. THE TWO-HOUR SPEECH, WHICH WAS DELIVERED BEFORE PARLIAMENT, MEMBERS OF THE HIGH STATE BODIES, AND THE DIPLOMATIC CORPS, COVERED A GREAT VARIETY OF SUBJECTS, INCLUDING ECONOMIC AND SOCIAL PROGRESS AND PROBLEMS, POLITICAL
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DEVELOPMENTS AND FOREIGN POLICY. THE MOST NOTABLE

FEATURE OF THE SPEECH WERE THE PRESIDENT'S SENSIBLE AND CONCILIATORY REMARKS ON THE AUGUST 5 BANDUNG RIOTS. WHILE DEPLORING THE VIOLENCE, SUHARTO REFRAINED FROM BLAMING THE COMMUNISTS FOR THE INCIDENT AND CONVEYED SOME SYMPATHY FOR THE GRIEVANCES INVOLVED. HE ALSO CRITICIZED BY IMPLICATION THE IRRESPONSIBLE ATTITUDE OF THE CHINESE, THE WEALTHY ELITE AND OTHER MINORITY GROUPS, AND APPEALED FOR UNITY. IN COMMENTS WHICH APPEARED TO BE RELATED TO PERFORMANCE OF THE POLICE AND MILITARY DURING BANDUNG INCIDENT, THE PRESIDENT CALLED FOR DEVELOPMENT OF GREATER TRUST AND CONFIDENCE IN THE ARMED FORCES AND CLOSER INTEGRATION OF THEIR ELEMENTS. FOLLOWING IS A SUMMARY OF THE MAIN ELEMENTS OF THE SPEECH. END SUMMARY AND CONFIDENTIAL

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2. THE BANDUNG RIOTS. SUHARTO EXPRESSED "PROFOUND REGRET" OVER THE RIOTS IN BANDUNG ON AUGUST 5 AND SAID THEY HARMED SOCIETY AND THE ECONOMY AND BENEFITED ONLY THE PKI AND OTHER ENEMIES. "BY SUCH ACTIONS, WE ARE ASHAMED OF OURSELVES" HE SAID, AND OBSERVED THAT OTHER NATIONS WOULD NOTICE THE INCIDENT. THE PRESIDENT DEPLORED VIOLENCE, AND SAID LAWLESS BEHAVIOR WAS NEVER JUSTIFIED, EVEN WHEN SEEKING JUSTICE FOR WORTHY CAUSES, AND OBSERVED THAT THE PURPOSE OF THE NEW ORDER IS TO CREATE A SAFE AND PROSPEROUS COMMUNITY IN WHICH GRIEVANCES COULD BE REDRESSED THROUGH ORDERLY METHODS. HE APPEALED FOR COURTESY AND RESTRAINT AND AVOIDANCE OF COMMUNAL STRIFE AND PREJUDICE BY ALL ELEMENTS OF SOCIETY, AND AFFIRMED THE EQUALITY OF ALL CITIZENS UNDER THE LAW. HOWEVER, HE CRITICIZED GROUPS WHICH LIVE APART FROM SOCIETY "IN SPLENDID ISOLATION" AND FEEL NO RESPONSIBILITY TO THE MAJORITY, WHETHER BECAUSE OF RELIGION, ECONOMIC STATUS OR ETHNIC HERITAGE. SUHARTO URGED ADHERENCE TO THE PRINCIPLES OF THE PANCASILA AND THE NATIONAL MOTTO "BHINNEKA TUNGGAL IKA" (UNITY IN DIVERSITY). HE ADDED THAT THERE MUST BE NO FURTHER INCIDENTS OF VIOLENCE AND THAT THE GUILTY WOULD BE PUNISHED.

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3. INTERNAL SECURITY AND INTEGRATION OF THE ARMED FORCES. IN THE CONTEXT OF HIS REMARKS ON THE BANDUNG INCIDENT, THE PRESIDENT NOTED THAT PROGRESS COULD NOT BE ACHIEVED WITHOUT SECURITY AND ORDER. HE SAID THIS REQUIRED "CONFIDENCE OF THE PEOPLE IN THE ABILITY OF THE APPARATUS OF AUTHORITY TO DO THEIR DUTIES", AND ALSO "PUBLIC TRUST IN THEIR PROTECTORS." HE ALSO

NOTED, IMMEDIATELY AFTER HIS COMMENTS ON THE BANDUNG RIOTS, THE NEED FOR FURTHER INTEGRATION AND UNITY IN THE ARMED FORCES IN ORDER TO INCREASE AND PROTECT NATIONAL SECURITY. HE ALSO SAID THE ARMED FORCE WOULD CONTINUE THEIR EFFORTS TO DESTROY PKI GUERRILLAS IN WEST KALIMANTAN AND TO WIPE OUT CONCEALED PKI REMNANTS ELSEWHERE. IN A BRIEF REFERENCE TO PKI POLITICAL PRISONERS, HE SAID EACH CASE WOULD BE RESOLVED "IN ACCORDANCE WITH POLICIES AND A TIME SCHEDULE ALREADY DETERMINED."

4. ECONOMIC AND SOCIAL AFFAIRS. SUHARTO DEVOTED THE MAJORITY OF HIS SPEECH TO ECONOMIC AND SOCIAL PROBLEMS AND DEVELOPMENTSS, AND REPORTED IN DETAIL ON THE ECONOMIC SITUATION AT THE END OF THE FOURTH YEAR OF THE FIRST FIVE-YEAR PLAN. HE ALSO COMMENTED ON THE NEED FOR IMPROVED EDUCATION AND FAMILY PLANNING, AND TOUCHED BRIEFLY ON THE NEED FOR A NEW MARRIAGE LAW. HE MADE THE FOLLOWING POINTS:

A. INFLATION, THE FOOD CRISIS AND AGRICULTURE. RISING FOOD COSTS AND RESULTING GENERAL INFLATION WERE A MAJOR ECONOMIC "DISTURBANCE" DURING 1972/73. HIGH FOOD COSTS WERE ATTRIBUTABLE TO FAILURE TO ACHIEVE RICE PRODUCTION TARGETS, BUT MORE IMPORTANT, TO INFLATION ABROAD, THE WORLDWIDE FOOD SHORTAGE AND THE UNSETTLED MONETARY SITUATION. INCREASED FOOD PRODUCTION AND LOWER PRICES CONTINUE TO BE MAJOR OBJECTIVES OF GOVERNMENT POLICY, AND WILL BE ACHIEVED THROUGH GREATER INCENTIVES TO FARMERS AND INTENSIFIED AGRICULTURAL DEVELOPMENT. THE KEY TO RURAL DEVELOPMENT IS THE VILLAGE DEVELOPMENT COOPERATIVE (BUUD), AND THE GOVERNMENT WILL CONTINUE TO PROMOTE THESE

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INSTITUTIONS. COOPERATIVE PRINCIPLES, RATHER THAN FORCE, WILL BE USED, AND THE BUUD'S WILL BE RESPONSIBLE FOR FURNISHING CREDIT, SUPPLIES AND EXTENSION SERVICES TO FARMERS, AS WELL AS BUYING AND MARKETING THEIR CROPS. INCREASED PRODUCTION OF OTHER CROPS, AS WELL AS RICE IS BEING PROMOTED, AND CITIZENS SHOULD COOPERATE IN SOLVING THE RICE CRISIS BY LEARNING TO EAT OTHER FOODS.

B. TRADE AND MONETARY POLICY. LARGE INCREASES IN EARNINGS FROM EXPORTS OF OIL, TIMBER, RUBBER, MINERALS AND OTHER AGRICULTURAL EXPORTS HAVE STRENGTHENED THE ECONOMY DURING THE PAST YEAR. HOWEVER, THERE IS A NEED FOR FURTHER DIVERSIFICATION OF EXPORTS IN ORDER TO AVOID DEPENDENCE ON A FEW

PRIMARY PRODUCTS. THE GOVERNMENT'S DECISION TO RETAIN THE PARITY OF THE RUPIAH WITH THE DOLLAR IN 1971 HAS BEEN A STIMULANT TO EXPORTS, AND A READJUSTMENT OF THE RUPIAH IS UNNECESSARY. IMPORTS WILL CONTINUE TO INCREASE, BECAUSE OF INFLATION AND THE NEEDS OF DEVELOPMENT, BUT LUXURY IMPORTS SHOWED A DOWNWARD TREND DURING THE PAST YEAR.

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AMCONSUL MEDAN
AMCONSUL SURABAYA

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C. INDUSTRY, INVESTMENT AND BUSINESS. INCREASED INDUSTRIALIZATION IS ONE ESSENTIAL MEANS OF REALIZING INCREASED EMPLOYMENT AND ECONOMIC JUSTICE AND WELFARE, WHICH ARE PRINCIPLES OBJECTIVES OF DEVELOPMENT. THE NEXT FIVE YEAR PLAN WILL STRESS DEVELOPMENT OF PROCESSING AND VALUE-ADDED INDUSTRIES BASED ON THE AGRICULTURAL AND EXTRACTIVE SECTORS, AS WELL AS GENERAL MANUFACTURING FOR IMPORT SUBSTITUTION AND EXPORT PURPOSES. IMPORTANT GAINS WERE ACHIEVED DURING THE PAST YEAR IN THE MANUFACTURE OF TEXTILES,

CHEMICALS, STEEL PIPE AND CEMENT. THE GOVERNMENT IS STRESSING DEVELOPMENT OF TOURISM, AND THE PACIFIC AREA TRAVEL ASSOCIATION CONFERENCE TO BE HELD IN INDONESIA IN 1974 WILL BE A YARDSTICK OF THE NATION'S ABILITY TO PROFIT FROM THE SECTOR. TO PROMOTE ECONOMIC GROWTH, THE GOVERNMENT WILL CONTINUE TO ENCOURAGE BOTH DOMESTIC AND FOREIGN INVESTMENT, BUT
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GREATER ATTENTION WILL BE PAID TO PROTECTING DOMESTIC AND SMALL INDUSTRIES. ALSO, MORE HELP, IN THE FORM OF CREDIT AND OTHER FACILITIES, WILL BE GIVEN TO SMALL AND MIDDLE-SIZED BUSINESSES.

D. FINANCE AND TAX COLLECTION. MORE ORDER AND EFFICIENCY IN THE STATE'S FINANCIAL APPARATUS IS NEEDED, AS WELL AS MORE VIGOROUS TAX COLLECTION, BASED ON PRINCIPLES OF SOCIAL JUSTICE. THE ECONOMICALLY STRONG MUST INCREASE THEIR CONTRIBUTION TO PUBLIC WELFARE. STATE ENTERPRISES MUST BE MORE EFFICIENT AND PAY THEIR TAXES, AND STRICT FINANCIAL DISCIPLINE AND CONTROL MUST BE OBSERVED IN ALL CIVILIAN AND MILITARY INSTITUTIONS.

E. FAMILY PLANNING AND MARRIAGE. BIRTH CONTROL IS THE "KEY TO WELFARE". THE FAMILY PLANNING PROGRAM ATTRACTED ONE MILLION NEW ACCEPTORS LAST YEAR AND CONTINUES TO GROW, BUT GREATER EFFORTS ARE NEEDED, OR POPULATION GROWTH WILL "NULLIFY" PROGRESS IN DEVELOPMENT. LEGAL PROTECTIONS ARE NEEDED TO PROTECT THE MARITAL STATUS OF BOTH HUSBAND AND WIFE, AND PARLIAMENT SHOULD ENACT LEGISLATION IN THIS AREA, WHICH VARIOUS WOMEN'S GROUPS HAVE URGED.

F. EDUCATION. INDONESIA'S EDUCATION SYSTEM WAS DESIGNED FOR ANOTHER ERA AND MUST BE STRENGTHENED TO PROVIDE TECHNICAL KNOWLEDGE AND MODERN VALUES WHICH ARE NEEDED FOR DEVELOPMENT.

5. POLITICAL DEVELOPMENTS. SUHARTO REPEATEDLY STRESSED THE NEED FOR STRENGTHENING LEGAL AND CONSTITUTIONAL INSTITUTIONS, AND NOTED THAT THE ENACTMENT OF THE "MAIN GUIDELINES OF STATE POLICY" AND HIS RE-ELECTION BY THE PEOPLES' CONGRESS IN MARCH 1973 WERE PROGRESSIVE STEPS IN THE LEGAL AND CONSTITUTIONAL DEVELOPMENT OF THE NATION. HE ALSO PRAISED THE SIMPLIFICATION OF THE PARTY STRUCTURE, BUT SAID THERE IS A NEED FOR LEGISLATION TO FURTHER IMPROVE THE SYSTEM, AND CALLED FOR CONTINUED CONSOLIDATION AND ORGANIZATION OF FUNCTIONAL GROUPS. THE PRESIDENT SAID FRANK AND CRITICAL COMMUNICATION BETWEEN THE PEOPLE AND GOVERNMENT IS NEEDED,

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AND THE PARLIAMENT AND THE PRESS HAVE IMPORTANT RESPONSIBILITIES IN THIS RESPECT. HE ALSO SAID THE GOVERNMENT NEEDS "CREATIVE SUPPORT" FROM CITIZENS AND GOVERNMENT EMPLOYEES, BUT THAT THIS SHOULD NOT BE UNRESERVED OR DESIGNED TO "PLEASE THE BOSS."

6. FOREIGN POLICY. THE PRESIDENT NOTED THE POSITIVE TREND IN WORLD AFFAIRS TOWARD INTERDEPENDENCE AND DETENTE, BUT NOTED THAT THE SHIFT IN WORLD POWER AND THE EMERGENCE OF "NEW POWERS IN ASIA" CREATED NEW PROBLEMS. HE OBSERVED THAT BECAUSE OF INDONESIA'S SIZE, RESOURCES, LOCATION AND INTERNAL STABILITY, IT HAS BECOME "A FACTOR TO BE RECKONED WITH BY PARTIES IN THE FUTURE DEVELOPMENT OF ASIA." ACCORDINGLY, HE SAID, INDONESIA FEELS A SENSE OF RESPONSIBILITY TO PARTICIPATE IN SOLUTIONS OF PROBLEMS ELSEWHERE IN THE WORLD, TO THE EXTENT ITS DOMESTIC PRIORITIES PERMIT. SUHARTO AFFIRMED INDONESIA'S COMMITMENT TO NON-ALIGNMENT, AND URGED OTHER NON-ALIGNED NATIONS TO AVOID IDEOLOGICAL PRE-OCCUPATIONS AND CONCENTRATE ON ECONOMIC COOPERATION AND A FAIRER ROLE FOR THE DEVELOPING NATIONS IN THE WORLD ECONOMIC ORDER. HE WELCOMED VARIOUS PROPOSALS FOR WIDER ASIA-PACIFIC FORUMS, BUT SAID THEY REQUIRE "MORE THOROUGH EXAMINATION". IN THE MEANTIME, HE SAID, INDONESIA STRONGLY SUPPORTS COOPERATION AMONG THE ASEAN NATIONS, AS THE BEST GUARANTY OF "REGIONAL RESILIENCE". THE PRESIDENT MADE NO REFERENCE IN HIS SPEECH TO RELATIONS WITH CHINA OR OTHER INDIVIDUAL NATIONS. END UNCLASSIFIED

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6. COMMENT. THE PRESIDENT'S SPEECH WAS APPARENTLY DESIGNED MORE TO BE READ THAN LISTENED TO, AND THE BOREDOM OF THE MEMBERS OF PARLIAMENT AND OTHERS WHO HEARD HIM SPEAK WAS OBVIOUS. SUHARTO STIRRED A RIPPLE OF LAUGHTER AND APPLAUSE ONLY ONCE--AND AT A RELATIVELY INCONSEQUENTIAL POINT--WHEN HE REFERRED TO THE NEED FOR A NEW MARRIAGE LAW. EVEN WHEN READ, THE SPEECH IS, FOR THE MOST PART, A RATHER UNINSPIRED REPLAY OF FAMILIAR STATEMENTS AND GENERALITIES. THE MOST THOUGHTFUL REMARKS IN THE SPEECH
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CONCERNED THE AUGUST 5 BANDUNG RIOTS. SUHARTO WISELY

AVOIDED BRANDING THE INCIDENT AS A COMMUNIST OR
RIGHTIST PLOT, AS OTHER GOVERNMENT SPOKESMEN HAVE
BEEN INCLINED TO DO, AND SUGGESTED AN UNDERSTANDING
OF THE SOCIAL, ECONOMIC AND ETHNIC FACTORS INVOLVED
IN THE RIOT. THE PRESIDENT'S RELATED COMMENTS ON THE
NEED FOR GREATER INTEGRATION OF THE ARMED FORCES AND
GREATER MUTUAL RESPECT AND CONFIDENCE BETWEEN THE
MILITARY AND THE PEOPLE APPAR TO BE AN OFFICIAL
EXPRESSION OF CRITICISM OF THE POLICE AND MILITARY
FOR THEIR FAILURE TO PREVENT OR CONTAIN THE BANDUNG
INCIDENT.

GALBRAITH

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